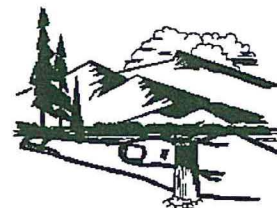




Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Todd Parfitt, Director

Mark Gordon, Governor

April 18, 2019

Ms. Kelly Bott
Ultra Resources, Inc.
116 Inverness Drive East, Ste. 400
Englewood, CO 80112

CERTIFIED MAIL

RE: Notice of Violation, Docket #5922-19

Dear Ms. Bott:

Enclosed you will find a Notice of Violation (NOV) issued to Ultra Resources, Inc. by the Department of Environmental Quality, Air Quality Division, for failing to comply with the permitting requirements for the Warbonnet 3-10, Warbonnet 12-2, Warbonnet 12-2 SimOps, Riverside 4-24, Boulder 11-7 SimOps, Warbonnet 7-23, and Warbonnet 7-23 SimOps, PAD facilities located in Sublette County, Wyoming.

As the Department and this Division consider the failure to comply with air quality requirements to be a serious matter, I am considering recommending the Department refer this violation to the State Attorney General's office requesting a suit be filed in District Court to recover appropriate penalties. If you would like to discuss settlement of this Notice of Violation prior to referral to the Attorney General's office, please contact Ms. Ann Shed, Enforcement Program Coordinator, at 307-777-8601 no later than ten (10) days after receipt of this letter.

Should you have any questions or comments regarding this matter, please feel free to contact me or Ms. Ann Shed.

Sincerely,

Nancy E. Vehr
Administrator
Air Quality Division

cc: Lars Lone
Ann Shed
Legal file: Ultra, PAD facilities: Warbonnet 3-10 (F017966); Warbonnet 12-2 (F022944); Warbonnet 12-2 SimOps (F027943); Riverside 4-24 (F020596); Boulder 11-7 SimOps (F027749); Warbonnet 7-23 (F014497); Warbonnet 7-23 SimOps (F028174)
ec: Jeff Wendt
Keith Guille
James Kaste/Casey Kurnath

**BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

IN THE MATTER OF THE NOTICE OF VIOLATION)	
ISSUED TO ULTRA RESOURCES, INC.)	DOCKET NO. 5922-19
MS. KELLY BOTT)	ENF001068 – ENF001074
116 INVERNESS DRIVE EAST, SUITE 400)	
ENGLEWOOD, CO 80112)	

NOTICE OF VIOLATION

NOTICE IS HEREBY GIVEN THAT:

1. The Department of Environmental Quality, Division of Air Quality (Division), has found Ultra Resources, Inc. (Ultra), to be in violation of permits P0025103, P0022848, P0024048, P0023146, and P0024341. These permits were issued in accordance with W.S. 35-11-801 of the Wyoming Environmental Quality Act and Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations (WAQSR) for the Warbonnet 3-10, Warbonnet 12-2, Warbonnet 12-2 SimOps, Riverside 4-24, Boulder 11-7 SimOps, Warbonnet 7-23, and Warbonnet 7-23 SimOps, PAD facilities located in Sublette County, Wyoming.

2. W.S. 35-11-801(a) states, "...In granting permits, the Director may impose such conditions as may be necessary to accomplish the purpose of this act which are not inconsistent with the existing rules, regulations and standards..."

3. Chapter 6, Section 2 of the WAQSR prescribes the applicability and procedures for issuing permits to sources under Wyoming's construction and modification permitting program.

Warbonnet 3-10 PAD (F017966)

4. Permit P0025103 was issued to Ultra on December 14, 2018 for the Warbonnet 3-10 PAD.

(i) Condition 2 of the permit states "All substantive commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as a condition of this permit."

(a) The applications (A0004322 and A0007219) for permit P0025103 listed the liquid level controllers as intermittent-bleed.

(ii) Condition 15 states "All natural gas-operated pneumatic process controllers (temperature control, pressure control, level control, flow control, etc.) shall be low or no-bleed controllers, with low bleed defined as less than six (6) cubic feet per hour vent or bleed rate, or the controller discharge streams shall be routed into a closed loop system so there are no volatile organic compound or hazardous air pollutants emitted to the atmosphere."

5. On January 8, 2019, Division personnel conducted an inspection of the facility and the following were found to be continuously venting:

- (i) For the 3-10A 4MMcfd dehy unit, two liquid level controllers on the horizontal high pressure separator.
 - (ii) For the 3-10B 4MMcfd dehy unit, two liquid level controllers on the horizontal high pressure separator.
 - (iii) For the 3-10B 25MMcfd dehy unit, two liquid level controllers on the horizontal high pressure separator, and one liquid level controller on the vertical high pressure separator.
6. During the inspection, the Division personnel also observed that there were 18 unpermitted pneumatic operated Fisher 4660 pressure controllers mounted on the meter runs at the facility.
7. Failure to operate the liquid level controllers as intermittent-bleed, and failure to permit the 18 Fisher 4660 pressure controllers are violations of conditions 2 and 15 of permit P0025103, and Chapter 6, Section 2 of the WAQSR.

Warbonnet 12-2 PAD (F022944)

8. Permit P0022848 was issued to Ultra on May 30, 2018 for the Warbonnet 12-2 PAD.
- (i) Condition 2 of the permit states “All substantive commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as a condition of this permit.”
 - (a) The applications (A0004265 and A0005739) for permit P0022848 listed the liquid level controllers as intermittent-bleed.
 - (ii) Condition 15 states “All natural gas-operated pneumatic process controllers (temperature control, pressure control, level control, flow control, etc.) shall be low or no-bleed controllers, with low bleed defined as less than six (6) cubic feet per hour vent or bleed rate, or the controller discharge streams shall be routed into a closed loop system so there are no volatile organic compound or hazardous air pollutants emitted to the atmosphere.”
9. On January 23, 2019, Division personnel conducted an inspection of the facility and the following were found to be continuously venting:
- (i) For the 25MMcfd dehy #1 unit, two liquid level controllers on the horizontal high pressure separator.
 - (ii) For the 25MMcfd dehy #2 unit, two liquid level controllers on the horizontal high pressure separator, and one liquid level controller on the vertical high pressure separator.
 - (iii) For the 4MMcfd dehy test #1 unit, two liquid level controllers on the horizontal high pressure separator.
10. Failure to operate the liquid level controllers as intermittent-bleed are violations of conditions 2 and 15 of permit P0022848.

Warbonnet 12-2 SimOps PAD (F027943)

11. On January 23, 2019, Division personnel conducted an inspection of the facility and observed that there were 20 unpermitted pneumatic operated Fisher 4660 pressure controllers mounted on the meter runs at the facility. Of these 20 unpermitted controllers, four of them were found to be continuously venting gas to the atmosphere.

12. Failure to permit the 20 Fisher 4660 pressure controllers are violations of Chapter 6, Section 2 of the WAQSR.

Riverside 4-24 PAD (F020596)

13. Permit P0024048 was issued to Ultra on May 30, 2018 for the Riverside 4-24 PAD.

(i) Condition 2 of the permit states “All substantive commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as a condition of this permit.”

(a) The applications (A0005823 and A0005878) for permit P0024048 listed the liquid level controllers as intermittent-bleed.

(ii) Condition 15 states “All natural gas-operated pneumatic process controllers (temperature control, pressure control, level control, flow control, etc.) shall be low or no-bleed controllers, with low bleed defined as less than six (6) cubic feet per hour vent or bleed rate, or the controller discharge streams shall be routed into a closed loop system so there are no volatile organic compound or hazardous air pollutants emitted to the atmosphere.”

14. On January 24, 2019, Division personnel conducted an inspection of the facility and the following were found to be continuously venting:

(i) For the 25MMcfd dehy #2 unit, two liquid level controllers on the horizontal high pressure separator.

(ii) For the 4MMcfd dehy #2 unit, two liquid level controllers on the horizontal high pressure separator.

15. Failure to operate the liquid level controllers as intermittent-bleed are violations of conditions 2 and 15 of permit P0024048.

Boulder 11-7 SimOps PAD (F027749)

16. Permit P0023146 was issued to Ultra on June 11, 2018 for the Boulder 11-7 SimOps PAD.

(i) Condition 2 of the permit states “All substantive commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as a condition of this permit.”

(a) The applications (A0004689 and A0005870) for permit P0023146 listed the liquid level controllers as intermittent-bleed.

(ii) Condition 15 states “All natural gas-operated pneumatic process controllers (temperature control, pressure control, level control, flow control, etc.) shall be low or no-bleed controllers, with low bleed defined as less than six (6) cubic feet per hour vent or bleed rate, or the controller discharge streams shall be routed into a closed loop system so there are no volatile organic compound or hazardous air pollutants emitted to the atmosphere.”

17. On February 2, 2019, Division personnel conducted an inspection of the facility and the following were found to be continuously venting:

- (i) For the 4MMcfd dehy #1 unit, two liquid level controllers on the horizontal high pressure separator.
- (ii) For the 25MMcfd dehy #1 unit, two liquid level controllers on the horizontal high pressure separator, and one liquid level controller on the vertical high pressure separator.
- (iii) For the 25MMcfd dehy #3 unit, one upper liquid level controller on the vertical high pressure separator.

18. During the inspection, Division personnel also observed that there were 16 unpermitted pneumatic operated Fisher 4660 pressure controllers mounted on the meter runs at the facility. Of these 16 unpermitted controllers, four of them were found to be continuously venting gas to the atmosphere

19. Failure to operate the liquid level controllers as intermittent-bleed and permit the 16 Fisher 4660 pressure controllers, are violations of conditions 2 and 15 of permit P0023146, and Chapter 6, Section 2 of the WAQSR.

Warbonnet 7-23 PAD (F014497)

20. Permit P0024341 was issued to Ultra on February 14, 2019 for the Warbonnet 7-23 PAD.

(i) Condition 2 of the permit states “All substantive commitments and descriptions set forth in the application for this permit, unless superseded by a specific condition of this permit, are incorporated herein by this reference and are enforceable as a condition of this permit.”

(a) The application (A0006244) for permit P0024341 listed the liquid level controllers as intermittent-bleed.

(ii) Condition 14 states “All natural gas-operated pneumatic process controllers (temperature control, pressure control, level control, flow control, etc.) shall be low or no-bleed controllers, with low bleed defined as less than six (6) cubic feet per hour vent or bleed rate, or the controller discharge streams shall be routed into a closed loop system so there are no volatile organic compound or hazardous air pollutants emitted to the atmosphere.”

21. On March 25, 2019, Division personnel conducted an inspection of the facility and the following were found to be continuously venting:

- (i) For the 4MMcfd dehy #1 unit, two liquid level controllers on the horizontal high pressure separator.

(ii) For the 25MMcfd JW dehy #1 unit, two liquid level controllers on the vertical high pressure separator.

(iii) For the 25MMcfd JW dehy #3 unit, two liquid level controllers on the horizontal high pressure separator, and two liquid level controller on the vertical high pressure separator.

(iv) For the 25MMcfd JW dehy #5 unit, two liquid level controllers on the horizontal high pressure separator.

22. During the inspection, Division personnel also observed the following unpermitted equipment:

(i) Two 300 barrel emergency tanks.

(ii) A 25MMcfd JW dehy unit and reboiler with two glycol pumps, one blowcase, four pneumatic intermittent-bleed level controllers, and one low bleed pneumatic pressure controller.

(iii) Three additional 25MMcfd JW dehy units that are set at the facility but are not currently connected.

23. Failure to operate the liquid level controllers as intermittent-bleed and failure to permit the equipment, are violations of conditions 2 and 14 of permit P0024341, and Chapter 6, Section 2 of the WAQSR.

Warbonnet 7-23 SimOps PAD (F028174)

24. On March 25, 2019, Division personnel conducted an inspection of the facility and observed that there were 13 unpermitted pneumatic operated Fisher 4660 pressure controllers. Six of them were found to be venting gas to the atmosphere.

25. Failure to permit the 13 Fisher 4660 pressure controllers are violations of Chapter 6, Section 2 of the WAQSR.

26. Said violations consist of failure to:

(i) operate the liquid level controllers as intermittent-bleed in violation of permits P0025103, P0022848, P0024048, P0023146, and P0024341; and/or

(ii) permit equipment in violation of Chapter 6, Section 2 of the WAQSR,

at the Warbonnet 3-10, Warbonnet 12-2, Warbonnet 12-2 SimOps, Riverside 4-24, Boulder 11-7 SimOps, Warbonnet 7-23, and Warbonnet 7-23 SimOps, PAD facilities.

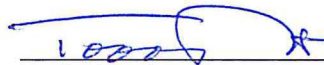
27. Under W.S. 35-11-901(a), any person who violates any provision of Article 2 of [the Environmental Quality Act] ... or any rule, regulation, standard or permit adopted pursuant to those provisions, or who violates any determination or order of the council pursuant to Article 2 of [the Environmental Quality Act] ... is subject to a penalty not to exceed ten thousand dollars (\$10,000.00) for each violation for each day during which the violation continues, a temporary or permanent injunction, or both a penalty and an injunction.

28. This notice is being sent to you pursuant to W.S. 35-11-701(c), which requires that, in any case of the failure to correct or remedy an alleged violation, the Director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible.

DATED this 18th day of April, 2019.



Nancy E. Vehr
Administrator
Air Quality Division



Todd Parfitt
Director
Department of Environmental Quality

Please direct all inquiries to Nancy E. Vehr, Administrator, Division of Air Quality, Department of Environmental Quality, 200 W. 17th Street, Cheyenne, Wyoming 82002. (Telephone: 307/777-7391)